

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Proposed Sale of Land  
**Date:** March 6, 2000

**Recommended Action:**

Authorize Iowa State University, in cooperation with the ISU Foundation, to begin the process for selling approximately 115 acres of land located north of Mortenson Road and west of State Street in Ames, Iowa.

**Executive Summary:**

Iowa State University requests Board approval to begin the process for selling approximately 115 acres of land located southwest of the Main Campus. The University has indicated that the acreage, which consists of approximately 76 acres of land owned by the University and 39 acres owned by the Foundation, is no longer needed for University use. The eventual disposal of these parcels was included in the land management plan presented to the Board in March 1997.

The University believes this is a favorable time to sell the land due to planned development in the Ames area. The University proposes to sell the land through a public auction process and will use its proceeds in a manner consistent with Iowa Code. The Foundation's share of the proceeds would be placed in its endowment.

**Background and Analysis:**

In March 1997 the University presented to the Board a land management plan for the main campus and the Ames area agricultural properties. The plan outlined the framework for both the acquisition and the disposal of agricultural land over the next 25 to 30 years. The Board received the plan with the understanding that individual land transactions would be brought to the Board for specific approval.

One of the areas in the land management plan identified for future sale was a 115 acre tract of land located north of Mortenson Road and west of State Street. The land is currently used for crop production and dairy operations. The dairy functions will eventually be relocated to a consolidated animal science cluster south of Highway 30, consistent with the University's agricultural land use plan. The tract of land proposed to be sold includes approximately 76 acres owned by the University and 39 acres which are owned by the ISU Foundation for use by the College of Agriculture. The location of the land proposed to be sold is shown on the attached map on page 4.

The current City of Ames land use plan gives priority to growth to the southwest of the city. Residential development in the Ames area has continued to occur to the north and west of the site proposed for sale. A new Highway 30 interchange is planned to the west. Based upon conversations with city officials, appraisers, and developers, the University believes this tract of land would be highly marketable at the present time. The Foundation has indicated its willingness to participate in the sale of the land as a single tract to maximize the overall return.

The proposed public auction process would include sale of the land for cash, payable at the time of closing, at a price equal to or greater than the appraised value. The University believes a public auction would provide the best method to give all interested parties an opportunity to purchase the land. In addition, the University believes this process would be the fairest and most cost-effective method to maximize its return on the sale. The University would seek a qualified and experienced auctioneer to conduct the sale. The University's proposed process has been reviewed by the Attorney General's office and found to be acceptable.

The University is currently researching the source of funds used to purchase its share of the property which was acquired in 1923. If any state appropriations were used for the purchase, the proceeds from the sale must be used in accordance with Iowa Code §262.9[7]. This chapter requires that such proceeds be deposited with the state treasurer and credited to the general fund of the state. This chapter also allows a sum equal to the deposited proceeds to be used, with prior approval of the Executive Council, to purchase other real estate and buildings, and for the construction and alteration of buildings and other capital improvements.

If state appropriations were used for the original purchase, the University will plan to use its share of the proceeds in conformance with Iowa Code, including the continued implementation of the agricultural land use plan.

The Foundation's share of the proceeds would be placed in its endowment. Based upon historical and projected rates of return, this approach will provide higher rates of return and significantly greater benefit to University programs.

The property sale and its specific terms would be subject to approval by the Board and the Executive Council of Iowa. The University has indicated that it will work closely with the Board Office and the Attorney General's staff to ensure compliance with appropriate Code provisions and all legal requirements for a public land sale. The University hopes to complete the transaction prior to the end of this fiscal year.

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Sheila Lodge

Approved: \_\_\_\_\_  
Frank J. Stork